

(c) whether any irregularities have come to the notice of the Government;

(d) if so, the details thereof; and

(e) the action taken by the Government in the matter?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) According to SEBI, there have been two inspections of the CRB Mutual Fund, one in December, 1994 and another in February, 1997.

(b) Following the findings of the inspection conducted in December, 1994 and enquiry, SEBI directed CRB Mutual Fund not to launch schemes upto June 30, 1996. In addition the following actions were taken by SEBI:-

- (i) CRB Mutual Fund was asked not to launch schemes till further order;
- (ii) The custodian of the Mutual Fund has been directed not to dispose off any of the securities held in its custody on behalf of CRB Mutual Fund and submit inventories of the securities to SEBI;
- (iii) SEBI moved the Hon'ble High Court of Mumbai to appoint an Administrator to take charge of the property and assets of CRB Mutual Fund and its schemes.

(c) and (d) According to SEBI irregularities brought out in the inspection reports of December 1994 and February, 1997 inter-alia include:

- (i) Absence of arms length relationship among the Fund, the sponsor and its associates.
- (ii) Notional borrowing by the fund in the form of an overdraft in violation of the Mutual Fund Regulations.
- (iii) Failure to observe prudential investment norms.
- (iv) Lending by the fund to CRB securities (an associate company) in violation of the Regulations.
- (v) Transaction through CRB Stock broking Ltd. even before the latter was a member of the Bombay Stock Exchange.
- (vi) Payment of brokerage fees for contracts on a "Principal to Principal" basis.
- (vii) Failure to supervise the activities of the custodian.
- (viii) Substantial investment in group companies.
- (ix) In some cases, the assets acquired for the fund have not been transferred in the name of the Fund.
- (x) There have been transactions within the group either for funding the group companies from whom the securities were purchased.

(xi) Failure of the fund to inform investors about the SEBI ban; and

(xii) Concentration of broking business through CRB Stock Broking.

(e) The Securities and Exchange Board of India is the regulatory authority for Mutual Funds under the SEBI Act, 1992. The activities of Mutual Funds are governed by the SEBI (Mutual Funds) Regulations. SEBI takes appropriate action for any violation of the provision of the Regulations.

Restriction on Imports

572. SHRI G. VENKAT SWAMY: Will the Minister of COMMERCE be pleased to state:

(a) whether the Government are negotiating the phase out of the quantitative restrictions on import with developed countries under the aegis of the World Trade Organisation;

(b) if so, the details thereof; and

(c) the follow up action taken in this regard?

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (DR. BOLLA BULLI RAMAIAH): (a) to (c) In accordance with the provisions of Article XVIII: B of the General Agreement of Tariffs and Trade (GATT) 1994 and the Understanding on the Balance of Payments Provisions of the GATT 1994, the World Trade Organisation's (WTO) Committee on Balance of Payments Restrictions met in December 1995 towards holding full consultations with India in order to review all restrictive import measures taken for balance of payments purposes. At these consultations it was agreed to resume the consultations in October 1996 and in the meanwhile India was invited to notify all restrictions maintained for balance of payments purposes soon after the announcement of the 1996-97 Export-Import Policy.

As per this decision, India notified the remaining restrictions maintained for balance of payments purposes to the WTO in July 1996 incorporating all amendments to the 1992-97 Export-Import Policy made upto 25 March 1996. The consultations which were scheduled to be held in October 1996 were postponed to 20-21 January 1997 at the request of the International Monetary Fund (IMF) which participates in these consultations in accordance with Article XV of the GATT 1994. At these consultations, the Committee took note of India's progressive removal of quantitative restrictions notified under Article XVIII: B. The IMF, in its report on India, indicated, inter alia, that India's current monetary resources were not inadequate and that there was no threat of a serious decline in the monetary reserves. After discussions in the Committee on the balance of payments position of India, the Committee agreed to resume consultations with India in June 1997, when India was requested to present to the Committee a plan for phasing out quantitative restrictions maintained on imports for safeguarding the balance of payments.

India presented a plan for the elimination of residual quantitative restrictions on imports maintained for safeguarding the balance of payments in May 1997 to the WTO Committee on Balance of Payments Restrictions. The WTO Committee on Balance of Payments Restrictions resumed its consultations with India on 10-11 June 1997. At the meeting, India's plan for elimination of quantitative restrictions over a 9 year period in three phases of three years each starting 1 April 1997 was discussed. The IMF presented a report indicating that in its assessment India's balance of payments position continued to be comfortable and reiterated the views expressed in the January 1997 meeting. India advocated the need for a cautious approach to dismantling of quantitative restrictions. Since no consensus could be reached at these consultations, the Chairman of the Committee, after taking note of the flexibility and readiness to make constructive proposals on both sides, proposed a period of reflection and accordingly suspended the meeting till 30 June-1 July 1997.

At the resumed consultations on 30 June 1997 India presented a revised plan which envisaged elimination of most of the quantitative restrictions in two phases of three years each, with only a very small number of products of high sensitivity retained for elimination of quantitative restrictions in the third phase of one year. However divergence of views on the length of the plan and on the number of tariff lines to be freed during the earlier years of the phase out period persisted, as the developed countries wanted heavy frontloading of the items in the time schedules. The resumed consultations concluded without consensus on the plan on 30 June-1 July 1997.

Australia, Canada, the EC, New Zealand, USA and Switzerland have since then separately sought formal consultations with India under the provisions of the Understanding on the Procedures Governing the Settlement of Disputes in the WTO, alleging that the maintenance of quantitative restrictions of imports of safeguarding the balance of payments by India is inconsistent with India's obligations under the WTO. India has accepted the requests for consultations. Under the dispute settlement provisions, India is required to enter into consultations in good faith within a period of no more than 30 days after the date of receipt of the request, or a period otherwise mutually agreed, with a view to reach a mutually satisfac-

tory solution. If the consultations fail to settle the dispute within 60 days after a date of receipt of the request for consultations, the complainants would have the option of seeking the establishment of a dispute settlement panel in the WTO to examine their complaints. The complaining party may request a panel during the 60 day period also, if the consulting parties jointly consider that consultations have failed to settle the dispute.

Import of Rough Ophthalmic Blanks

573. SHRI KODIKUNNIL SURESH: Will the Minister of FINANCE be pleased to state:

(a) whether Directorate of enforcement (FERA) are aware that the importers of Delhi and Mumbai have been importing Rough Ophthalmic Blanks (ORB) from China on the basis of highly under invoiced value at ICD-TKD/Patparganj by transferring the difference between the actual and invoiced price by way of Hawala transactions to their suppliers;

(b) if so, whether the SIIB, Customs, New Delhi have established such few cases where the invoice value has been under-invoiced by 233.28 per cent thereby evading the customs duty to tune of Rs. 55,80,213/- only on 7B/E's from March, 1996 to May, 1996;

(c) the details of the importers involved in such cases;

(d) whether after detecting such a big Hawala case, it has been referred to FERA and CBI;

(e) if not, the reasons and justification therefor; and

(f) if so, the progress made in this regard so far?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) to (f) Delhi Custom House has detected 8 cases of under-valuation in relation to import of Rough Ophthalmic Blanks by an importer from Delhi, involving a duty amount of Rs. 57.48 lakhs. Out of these, 4 cases relate to the period March, 1996 to May, 1996 involving duty of Rs. 34.60 lakhs. The details of the 8 cases are given in the attached statement. The Directorate of Enforcement has been informed about these cases and the same are under investigation by that Directorate.

Statement

S.No.	E.E. No. & Date	Declared Value	Proposed Value	Difference of duty	Name of the Importer
1	2	3	4	5	6
1.	109497 Dt. 4.10.96	6,49,636/-	9,68,557/-	1,65,839/-	Indian Optics (P) Ltd., 111, Model Basti, New Delhi-5.
2.	104437 Dt. 6.5.96	4,97,914/-	8,88,348/-	1,95,216/-	-do-
3.	107668 Dt. 21.8.96	7,27,176/-	11,95,343/-	2,43,446/-	-do-